

25 October 2006

Elaine Hufnagle  
Fair Political Practices Commission  
428 J Street, Ste. 620  
Sacramento, Calif. 95814

**Re: Implementation of SB 145 and Use of Officeholder Funds**

Dear Ms. Hufnagle

I would like to comment on the establishment of officeholder accounts as provided for in SB 145. Four years ago the City of Anaheim amended their local ordinance to allow officeholder accounts for those elected councilmembers who wished to establish such an account. I oppose these accounts because I believe they are ripe for misuse and end up being used to pay for campaign expenses which should rightfully be paid for out of the campaign controlled committee. In addition, in the case of Anaheim, the Mayor also operates a lobbying firm; I believe it is very difficult to separate his officeholder expenses from those expenses that benefit his personal business and which should be paid for out of his personal business funds. Anaheim's officeholder accounts are subject to the following:

1. Officeholder accounts are a controlled committee of the officeholder separate from the campaign committee, and as such, requires a separate Statement of Organization and ID number. The S/O is filed as soon as the officeholder accepts any contribution for the officeholder account. The name "Officeholder Account" is included as part of the committee's name.
2. Per the Anaheim ordinance, the officeholder is required to return within a short specified time period, any contributions that exceed the limit. All contributions and expenditures are reported the same as for any other controlled committee.
3. The officeholder cannot accept contributions into the officeholder account within 6 months of his/her re-election and the officeholder account is required to be terminated before or concurrent with the end of his current term. Any remaining funds in the account are given to the city's General Fund or returned to the contributors, or donated to a non-profit organization.
4. An officeholder with outstanding debt from his most recent election to that office is required to pay off the debt BEFORE these contributions (which are assigned to the prior election cycle) can be used for officeholder expenses.

By far the biggest problem associated with officeholder accounts is that they can be used for defraying campaign expenses under the guise of calling them officeholder expenses. The City Attorney of Anaheim took the position that "any" expense would be considered an "officeholder" expense AS LONG AS the officeholder was not campaigning for office. As a result, the Mayor has been able to use a considerable amount of officeholder account funds to pay his campaign consultant (Jeff Flynn and

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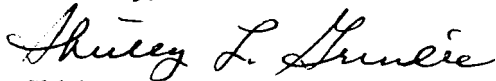
Jennifer Nelson) merely because he is not running for election at the time. It is inconceivable that these consultants are consulting on "officeholder expenses" and not on campaign tactics in preparation for re-election.

The other problem is that it enables professional fees such as paying for a Treasurer, storage of files, use of electronic filing system (NetFile), etc., to be loaded onto the officeholder account when at least a sizable portion should have been borne by the campaign account.

I have included a copy of the Anaheim ordinance that governs the establishment and use of officeholder accounts (see Section 1.09.055). In addition, I have copied Schedule E of the Mayor's "officeholder expenses" that show expenses for "campaign consultants", storage fees, etc.

It is important that the FPPC adopt regulations that restrict the use of officeholder account funds for legitimate officeholder expenses and not open the door to using these funds for campaign expenses. To start with, I would recommend prohibiting the use of officeholder account funds for paying campaign consultants.

Sincerely,



Shirley L. Grindle  
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Encls: Anaheim Campaign Ordinance No. 5858

Mayor Curt Pringle Form 460's - Cover Page, Summary Page and Sch. E  
of typical reports between Jan. 1, 2003 through Sept. 28, 2006.